

**HOLDEN TOWN**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Board  
Holden Town  
Holden, Utah 84636

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holden Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Holden Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holden Town as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2005, on our consideration of Holden Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 40 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

November 29, 2005  
Richfield, Utah

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is used to assist in formatting, for easier reading)

# **HOLDEN TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2005**

This discussion of Holden Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The Town's purpose is to provide general services to its residents which includes general government, public safety, public health, highways and streets and culture and recreation.

## **Financial Highlights**

- \* The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,032,114 (net assets). Of this amount, \$271,764 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- \* The government's total net assets decreased by \$66,147. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the Town's governmental funds reported ending fund balances of \$60,511, a decrease of \$14,311 in comparison with the prior year. At year end, the general fund had a negative unrestricted fund balance of \$2,655.
- \* The Town's total debt decreased by \$12,000 during the current year.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, public health, highways and streets, and culture and recreation. The business-type activities of the Town are water and electric operations.

Refer to the table of contents for the location of the government-wide financial statements.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

## **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Holden Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

## **Proprietary Funds**

Holden Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and electric operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Holden Town's, assets exceeded liabilities by \$1,032,114 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (62 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$271,764, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

#### Holden Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	65,218	80,525	342,034	353,096	407,252	433,621
Capital Assets	302,405	336,090	638,483	658,357	940,888	994,447
Total Assets	367,623	416,615	980,517	1,011,453	1,348,140	1,428,068
Long-Term Liabilities	-	-	298,000	310,000	298,000	310,000
Other Liabilities	4,667	5,663	13,359	14,144	18,026	19,807
Total Liabilities	4,667	5,663	311,359	324,144	316,026	329,807
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	302,405	336,090	337,983	347,720	640,388	683,810
Restricted	63,206	62,206	56,756	55,411	119,962	117,617
Unrestricted	(2,655)	12,656	274,419	284,178	271,764	296,834
Total Net Assets	362,956	410,952	669,158	687,309	1,032,114	1,098,261

## Governmental Activities

Governmental activities decreased Holden Town's net assets by \$47,996.

### Holden Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	89,444	85,207	185,641	203,267	275,085	288,474
Operating Grants	23,301	35,087	-	-	23,301	35,087
Capital Grants	-	-	11,950	-	11,950	-
General Revenues:						
Property Taxes	8,813	7,452	-	-	8,813	7,452
Other Taxes	34,295	32,209	-	-	34,295	32,209
Unrestricted Investment Earnings	4,733	2,702	4,916	4,167	9,649	6,869
<b>Total Revenues</b>	<b>160,586</b>	<b>162,657</b>	<b>202,507</b>	<b>207,434</b>	<b>363,093</b>	<b>370,091</b>
<b>Expenses:</b>						
General Government	105,847	84,676	-	-	105,847	84,676
Public Safety	7,891	7,480	-	-	7,891	7,480
Public Health	23,413	19,014	-	-	23,413	19,014
Highways & Streets	48,209	47,913	-	-	48,209	47,913
Culture and Recreation	23,222	19,720	-	-	23,222	19,720
Water	-	-	65,282	54,350	65,282	54,350
Electric	-	-	155,376	139,063	155,376	139,063
<b>Total Expenses</b>	<b>208,582</b>	<b>178,803</b>	<b>220,658</b>	<b>193,413</b>	<b>429,240</b>	<b>372,216</b>
<b>Increase in Net Assets Before Transfers</b>	<b>(47,996)</b>	<b>(16,146)</b>	<b>(18,151)</b>	<b>14,021</b>	<b>(66,147)</b>	<b>(2,125)</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>(47,996)</b>	<b>(16,146)</b>	<b>(18,151)</b>	<b>14,021</b>	<b>(66,147)</b>	<b>(2,125)</b>
<b>Net Assets - Beginning</b>	<b>410,952</b>	<b>427,098</b>	<b>687,309</b>	<b>673,288</b>	<b>1,098,261</b>	<b>1,100,386</b>
<b>Net Assets - Ending</b>	<b>362,956</b>	<b>410,952</b>	<b>669,158</b>	<b>687,309</b>	<b>1,032,114</b>	<b>1,098,261</b>

\* The City received operating grants of \$23,301. Of this amount, \$23,225 was received for Class C roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.



## **Business-Type Activities**

Business-type activities decreased the Town's net assets by \$18,151.

- \* During the year the town received a grant of \$11,950 from Homeland Security for a security system on the water tank.
- \* For the most part, increases in expenses closely paralleled inflation and growth in the demand for services for water and electricity.
- \* The depreciation in the enterprise funds increased \$7,781 from the prior year.

## **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported combined ending fund balances of \$60,551, a decrease of \$14,311 in comparison with the prior year. At the end of this fiscal year the general fund has a negative unreserved fund balance of \$2,655. The remainder of fund is reserved to indicate that it is not available for new spending because it has already been committed to highways and streets for \$17,000 and perpetual care of \$46,206.

### **Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water and electric funds at the end of the year was \$274,419. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget.

Actual revenues were less than budgeted revenues by \$54,614 and actual expenditures were less than budgeted expenditures by \$40,103 resulting in a net decrease in fund balance of \$14,511.

## Capital Asset and Debt Administration

### Capital Assets

Holden Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$302,405 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and streets.

The total increase in the Town's investment in capital assets for the current year was \$11,950. Major capital asset events during the current year included the following:

- \* Campbell Scientific security system for the water tank at a cost of \$11,950.

#### Holden Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	21,600	21,600	1,500	1,500	23,100	23,100
Infrastructure	180,000	202,500	-	-	180,000	202,500
Buildings	51,605	53,490	-	-	51,605	53,490
Improvements Other than Buildings	-	-	601,228	363,922	601,228	363,922
Equipment	49,200	58,500	35,755	29,500	84,955	88,000
Construction in Progress	-	-	-	263,435	-	263,435
Total	302,405	336,090	638,483	658,357	940,888	994,447

Additional information on the Town's capital assets can be found in the notes to the financial statements.

### Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$298,000. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

#### Holden Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	-	-	298,000	310,000	298,000	310,000

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

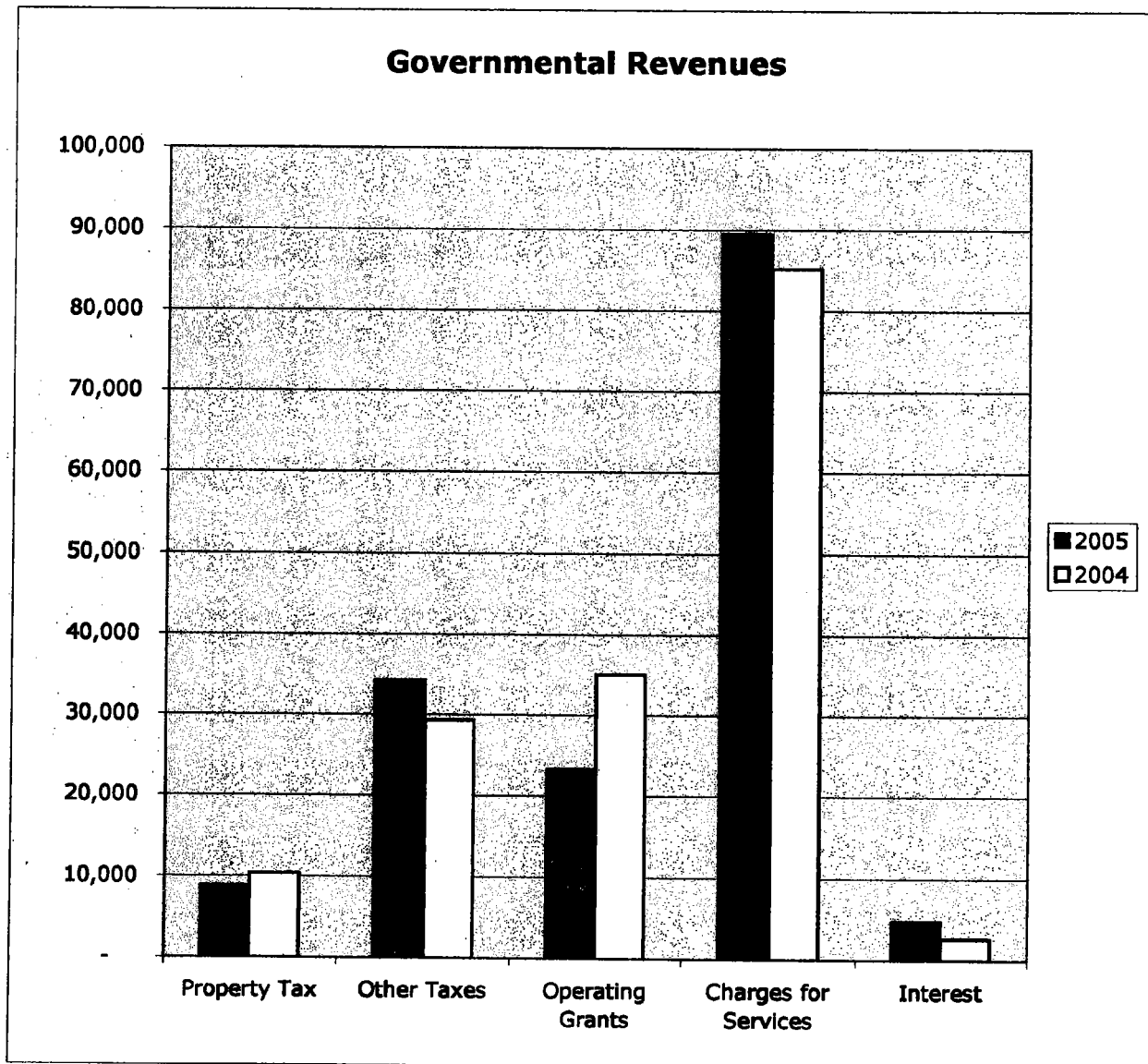
Additional information on Holden Town's long-term debt can be found in the notes of the financial statements.

## **Request for Information**

This financial report is designed to provide a general overview of Holden Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Holden Town Treasurer, P.O. Box 127, Holden, Utah, 84636-0127.

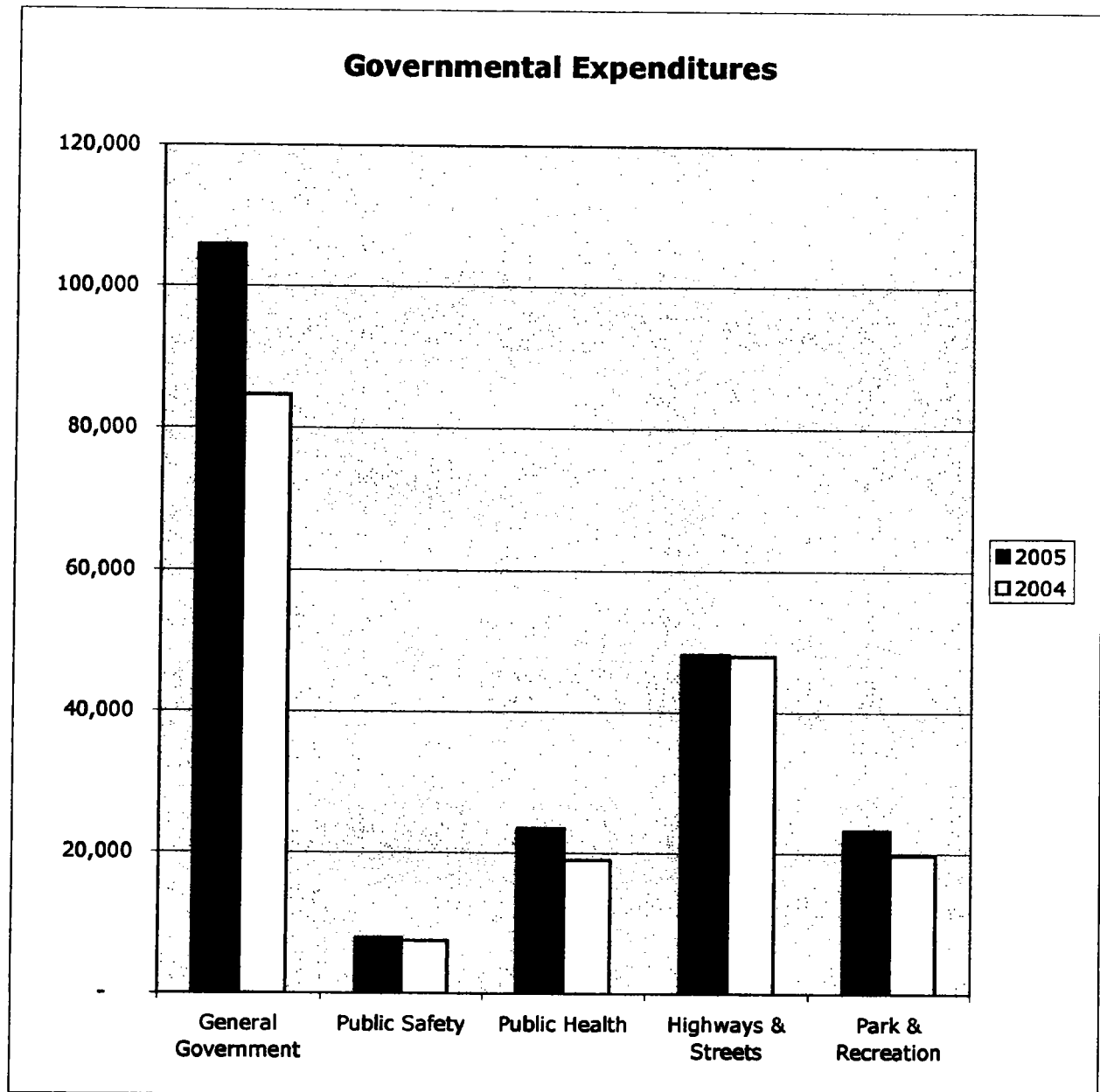
**Holden Town  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Property Tax	8,813	10,342
Other Taxes	34,295	29,319
Operating Grants	23,301	35,087
Charges for Services	89,444	85,207
Interest	4,733	2,702
<b>Total Revenues</b>	<b>160,586</b>	<b>162,657</b>



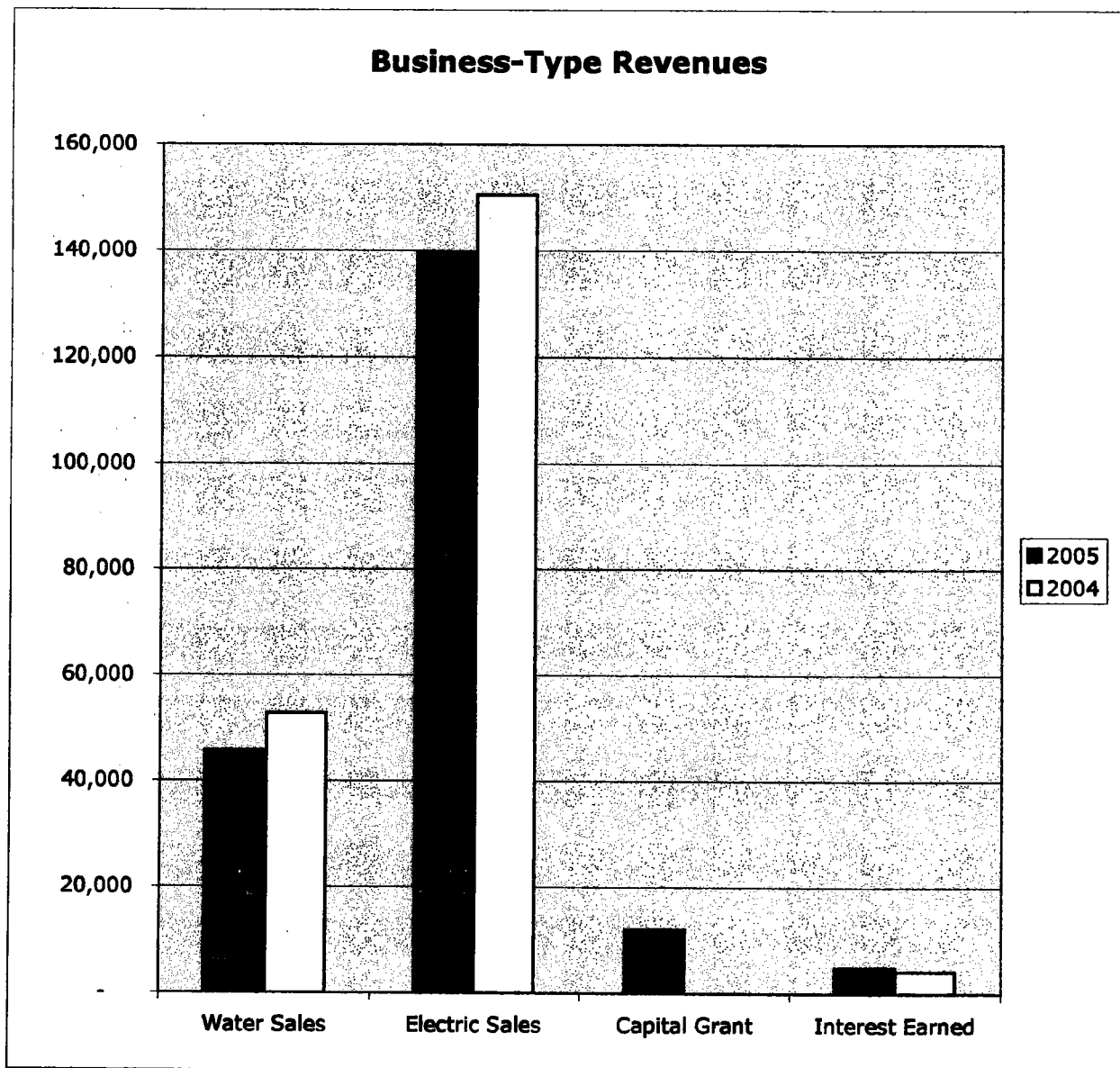
**Holden Town  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	105,847	84,676
Public Safety	7,891	7,480
Public Health	23,413	19,014
Highways & Streets	48,209	47,913
Park & Recreation	23,222	19,720
<b>Total Expenditures</b>	<b>208,582</b>	<b>178,803</b>



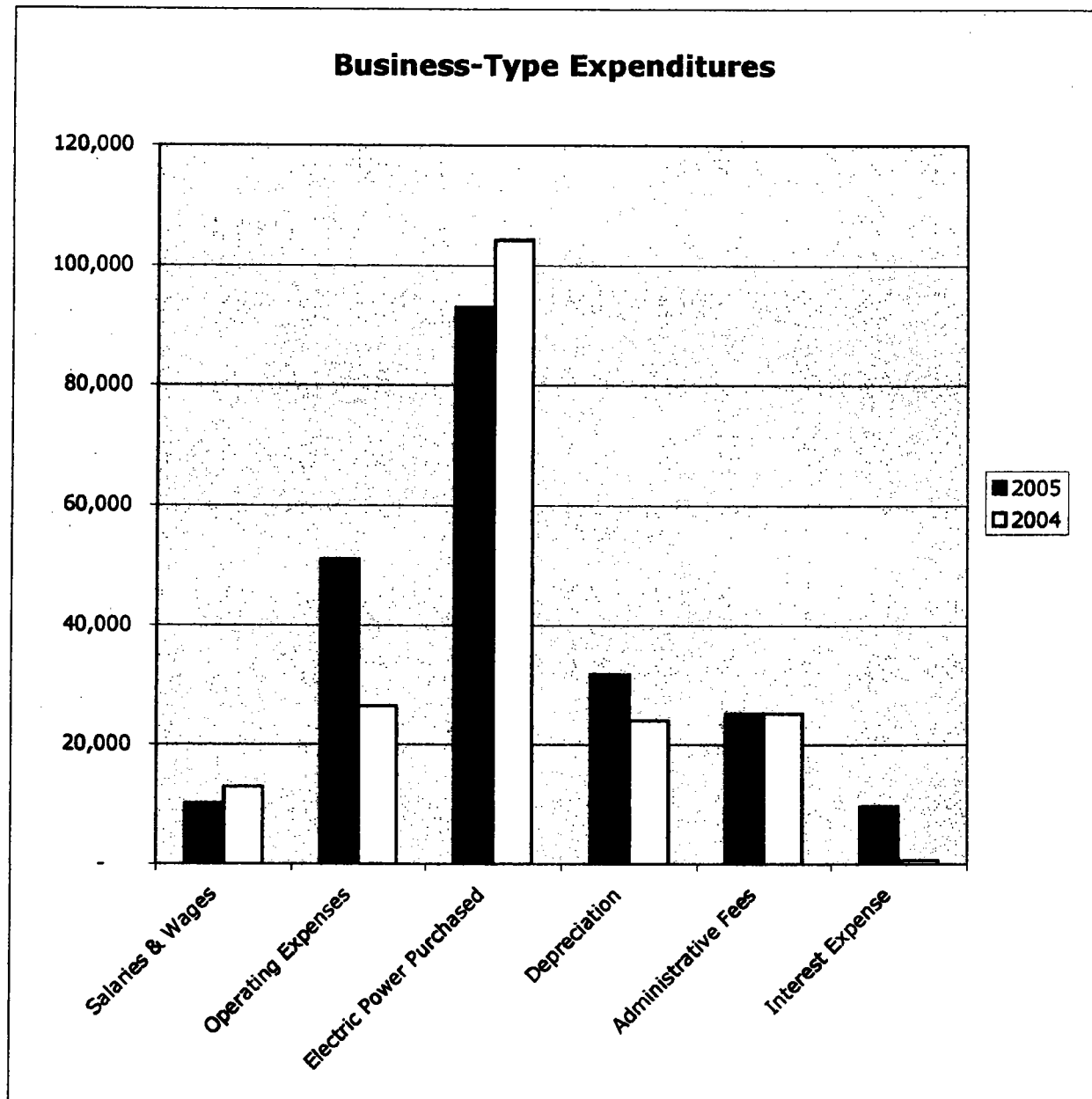
**Holden Town**  
**Business-Type Revenues**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Sales	45,835	52,753
Electric Sales	139,806	150,514
Capital Grant	11,950	
Interest Earned	4,916	4,167
<b>Total Revenues</b>	<b>202,507</b>	<b>207,434</b>



**Holden Town**  
**Business Type Expenditures**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Salaries & Wages	10,038	12,856
Operating Expenses	51,039	26,457
Electric Power Purchased	92,944	104,220
Depreciation	31,824	24,043
Administrative Fees	25,200	25,200
Interest Expense	9,613	637
<b>Total Expenditures</b>	<b>220,658</b>	<b>193,413</b>



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# **BASIC FINANCIAL STATEMENTS**

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**HOLDEN TOWN  
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	58,275	315,957	374,232
Accounts Receivable (Net)	2,127	19,237	21,364
Due From Other Government Units	4,816	-	4,816
Total Current Assets	65,218	335,194	400,412
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	6,840	6,840
Capital Assets (Net of Accumulated Depreciation):			
Land	21,600	1,500	23,100
Buildings	51,605	-	51,605
Equipment	49,200	35,755	84,955
Utility Improvements	-	601,228	601,228
Infrastructure	180,000	-	180,000
Total Noncurrent Assets	302,405	645,323	947,728
TOTAL ASSETS	367,623	980,517	1,348,140
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	4,667	10,459	15,126
Deposits Payable	-	400	400
Bond Interest Payable	-	2,500	2,500
Revenue Bonds Payable - Due Within One Year	-	12,000	12,000
Total Current Liabilities	4,667	25,359	30,026
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	286,000	286,000
TOTAL LIABILITIES	4,667	311,359	316,026
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	302,405	337,983	640,388
Restricted For:			
Bond Retirement	-	6,840	6,840
Class C Road	17,000	-	17,000
Perpetual Care	46,206	-	46,206
Capital Outlay	-	49,916	49,916
Unrestricted	(2,655)	274,419	271,764
TOTAL NET ASSETS	362,956	669,158	1,032,114
TOTAL LIABILITIES AND NET ASSETS	367,623	980,517	1,348,140

The notes to the financial statements are an integral part of this statement.

# HOLDEN TOWN STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	105,847	61,035	-	-	(44,812)	-	(44,812)
Public Safety	7,891	8,575	76	-	760	-	760
Public Health	23,413	17,834	-	-	(5,579)	-	(5,579)
Highways and Streets	48,209	-	23,225	-	(24,984)	-	(24,984)
Culture and Recreation	23,222	2,000	-	-	(21,222)	-	(21,222)
Total Governmental Activities	208,582	89,444	23,301	-	(95,837)	-	(95,837)
Business-Type Activities:							
Water Fund	65,282	45,835	11,950	-	-	(7,497)	(7,497)
Electric Fund	155,376	139,806	-	-	-	(15,570)	(15,570)
Total Business-Type Activities	220,658	185,641	11,950	-	-	(23,067)	(23,067)
Total Primary Government	429,240	275,085	23,301	-	(95,837)	(23,067)	(118,904)
General Revenues:							
Property Taxes					8,813	-	8,813
Fee-In-Lieu of Property Taxes					3,155	-	3,155
Sales Taxes					31,140	-	31,140
Unrestricted Investment Earnings					4,733	4,916	9,649
Total General Revenues and Transfers					47,841	4,916	52,757
Change in Net Assets					(47,996)	(18,151)	(66,147)
Net Assets - Beginning					410,952	687,309	1,098,261
Net Assets - Ending					362,956	669,158	1,032,114

The notes to the financial statements are an integral part of this statement.

**HOLDEN TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	General Fund	Nonmajor Perpetual Care Permanent Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	12,069	46,206	58,275
Accounts Receivable (Net)	2,127	-	2,127
Due From Other Government Units	4,816	-	4,816
<b>TOTAL ASSETS</b>	<u>19,012</u>	<u>46,206</u>	<u>65,218</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	4,667	-	4,667
<b>Total Liabilities</b>	<u>4,667</u>	-	<u>4,667</u>
<b>Fund Balances:</b>			
Reserved For:			
Class "C" Road	17,000	-	17,000
Perpetual Care	-	46,206	46,206
Unreserved, Reported In:			
General Fund	(2,655)	-	(2,655)
<b>Total Fund Balance</b>	<u>14,345</u>	<u>46,206</u>	<u>60,551</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>19,012</u>	<u>46,206</u>	<u>65,218</u>

The notes to the financial statements are an integral part of this statement.

**HOLDEN TOWN**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2005**

Total Fund Balances - Governmental Fund Types	60,551
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the funds:

Land	21,600	
Buildings	51,605	
Equipment	49,200	
Infrastructure	<u>180,000</u>	
Total		<u>302,405</u>

Net Assets of Government Activities	<u><u>362,956</u></u>
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**HOLDEN TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	General Fund	Nonmajor Perpetual Care Permanent Fund	Total Governmental Funds
<b>Revenues:</b>			
Taxes	43,108	-	43,108
Licenses and Permits	2,193	-	2,193
Intergovernmental Revenue	23,469	-	23,469
Charges for Services	80,009	-	80,009
Interest	4,733	-	4,733
Miscellaneous Revenues	7,074	-	7,074
	<u>160,586</u>	<u>-</u>	<u>160,586</u>
<b>Total Revenues</b>	<u>160,586</u>	<u>-</u>	<u>160,586</u>
<b>Expenditures:</b>			
Current:			
General Government	104,972	-	104,972
Public Safety	7,891	-	7,891
Public Health	23,413	-	23,413
Highways and Streets	18,409	-	18,409
Culture and Recreation	20,212	-	20,212
	<u>174,897</u>	<u>-</u>	<u>174,897</u>
<b>Total Expenditures</b>	<u>174,897</u>	<u>-</u>	<u>174,897</u>
<b>Net Change In Fund Balance</b>	<u>(14,311)</u>	<u>-</u>	<u>(14,311)</u>
<b>Fund Balance - Beginning</b>	<u>28,656</u>	<u>46,206</u>	<u>74,862</u>
<b>Fund Balance - Ending</b>	<u>14,345</u>	<u>46,206</u>	<u>60,551</u>

The notes to the financial statements are an integral part of this statement.

**HOLDEN TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(14,311)
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Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Depreciation Expense	<u>(33,685)</u>
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Changes In Net Assets of Governmental Activities	<u><u>(47,996)</u></u>
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**HOLDEN TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

**June 30, 2005**

	Business-Type Activity Enterprise Fund		
	Water Fund	Electric Fund	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	314,266	1,691	315,957
Accounts Receivable	5,618	13,619	19,237
Total Current Assets	319,884	15,310	335,194
Noncurrent Assets:			
Investments - Restricted:			
Bond Retirement	6,840	-	6,840
Capital Assets: (Net of Accum. Depr.)			
Land	1,500	-	1,500
Water System	551,393	-	551,393
Electric System	-	49,835	49,835
Equipment	12,755	23,000	35,755
Total Noncurrent Assets	572,488	72,835	645,323
TOTAL ASSETS	892,372	88,145	980,517
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	-	10,459	10,459
Deposits Payable	-	400	400
Bond Interest Payable	2,500	-	2,500
Bonds Payable - Current Portion	12,000	-	12,000
Total Current Liabilities	14,500	10,859	25,359
Noncurrent Liabilities:			
Bonds Payable - Long-Term Portion	286,000	-	286,000
TOTAL LIABILITIES	300,500	10,859	311,359
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	265,148	72,835	337,983
Restricted for:			
Bond Retirements	6,840	-	6,840
Capital Outlay	49,916	-	49,916
Unrestricted	269,968	4,451	274,419
TOTAL NET ASSETS	591,872	77,286	669,158
TOTAL LIABILITIES AND NET ASSETS	892,372	88,145	980,517

The notes to the financial statements are an integral part of this statement.



**HOLDEN TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund		
	Water Fund	Electric Fund	Totals
<b>Operating Revenues:</b>			
Charges for Sales and Services:			
Water	45,835	-	45,835
Electricity	-	138,006	138,006
Electricity Connection Fees	-	1,800	1,800
Total Operating Revenues	<u>45,835</u>	<u>139,806</u>	<u>185,641</u>
<b>Operating Expenses:</b>			
Salaries	6,787	3,251	10,038
Materials and Supplies	363	640	1,003
Maintenance and Operations	7,060	11,435	18,495
Contractual Services	-	28,098	28,098
Purchase of Electricity	-	92,944	92,944
Administrative Fee	14,500	10,700	25,200
Other	1,940	1,503	3,443
Depreciation	25,019	6,805	31,824
Total Operating Expenses	<u>55,669</u>	<u>155,376</u>	<u>211,045</u>
Operating Income	<u>(9,834)</u>	<u>(15,570)</u>	<u>(25,404)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Earnings	4,916	-	4,916
Grant Proceeds	11,950	-	11,950
Interest Expense	(9,613)	-	(9,613)
Total Nonoperating Revenues (Expenses)	<u>7,253</u>	<u>-</u>	<u>7,253</u>
Change in Net Assets	(2,581)	(15,570)	(18,151)
Total Net Assets - Beginning	<u>594,453</u>	<u>92,856</u>	<u>687,309</u>
Total Net Assets - Ending	<u><u>591,872</u></u>	<u><u>77,286</u></u>	<u><u>669,158</u></u>

The notes to the financial statements are an integral part of this statement.

**HOLDEN TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund		
	Water Fund	Electric Fund	Totals
<b>Cash Flows From Operating Activities:</b>			
Receipts From Customers	46,678	142,783	189,461
Payments to Suppliers	(25,323)	(144,645)	(169,968)
Payments to Employees	(6,787)	(3,251)	(10,038)
Net Cash Provided by Operating Activities	14,568	(5,113)	9,455
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Interest Paid on Capital Debt	(9,613)	-	(9,613)
Principal Paid on Capital Debt	(12,000)	-	(12,000)
Grant Proceeds	11,950	-	11,950
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,663)	-	(9,663)
<b>Cash Flows from Investing Activities:</b>			
Interest Received	4,916	-	4,916
Capital Outlay	(11,950)	-	(11,950)
Net Cash Provided (Used) by Investing Activities	(7,034)	-	(7,034)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,129)	(5,113)	(7,242)
Cash and Cash Equivalents - Beginning	323,235	6,804	330,039
Cash and Cash Equivalents - Ending	321,106	1,691	322,797
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>			
Operating Income	(9,834)	(15,570)	(25,404)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:			
Depreciation	25,019	6,805	31,824
Increase (Decrease) in Operating Assets:			
Accounts Receivable	843	2,977	3,820
Accounts Payable	(3,323)	675	(2,648)
Accrued Interest Payable	1,863	-	1,863
Total Adjustments	24,402	10,457	34,859
Net Cash Provided (Used) by Operating Activities	14,568	(5,113)	9,455

The notes to the financial statements are an integral part of this statement.

**HOLDEN TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Holden Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for year ended June 30, 2005.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Holden Town is a municipal corporation in Millard County, Utah. It is governed by an elected mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Holden Town, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**HOLDEN TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Holden Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government also reports the following non-major governmental fund:

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the City water and electric operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and electric funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**HOLDEN TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water System	20 - 40 Years
Electric System	10 - 40 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Budgets and Budgetary Accounting:**

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the Town Board in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Board may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Board.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Property Tax Calendar:**

January 1	Lien Date - All property appraised based upon situs and status as of this date (real and personal).
March 1	Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.
June 22	All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.
July 22	County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices.
September 1	State Tax Commission approves tax rates.
November 1	County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.
November 1	County auditor to charge the county treasurer to account for all taxes levied.
November 1	County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
November 30	Taxes on real property becomes delinquent.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	12,284
Investments - PTIF	<u>368,788</u>
Total Cash and Investments	<u><u>381,072</u></u>



**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	58,275
Business-Type Activities - Unrestricted	315,957
Business-Type Activities - Restricted	<u>6,840</u>
Total Cash and Cash Equivalents	<u><u>381,072</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

**Deposit and Investment Risk:**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

**HOLDEN TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

**Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable shown in the balance sheet of the utility funds are amounts due from residents for water and electricity. No provisions for possible uncollectible amounts has been provided as management of the Town believes all amounts are collectable.

**NOTE 4 - FIRE SPECIAL SERVICE DISTRICT**

During 1987 Holden Town joined the Millard County Fire District which is a Special Service District. The Special Service District levies and collects taxes for the members of the Fire District. These monies are then remitted, based upon an agreed formula, to the towns involved in the District to be used for fire control. These funds are accounted for in the General Fund.

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	16,000	-	-	16,000
Land Related To Infrastructure	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>5,600</u>
 Total Capital Assets Not Being Depreciated	 <u>21,600</u>	 <u>-</u>	 <u>-</u>	 <u>21,600</u>
 Capital Assets Being Depreciated:				
Buildings	85,500	-	-	85,500
Equipment	48,000	-	-	48,000
Vehicles	45,000	-	-	45,000
Infrastructure	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
 Total Capital Assets Being Depreciated	 <u>628,500</u>	 <u>-</u>	 <u>-</u>	 <u>628,500</u>
 Less Accumulated Depreciation For:				
Buildings	32,010	1,885	-	33,895
Equipment	18,000	4,800	-	22,800
Vehicles	16,500	4,500	-	21,000
Infrastructure	<u>247,500</u>	<u>22,500</u>	<u>-</u>	<u>270,000</u>
 Net Fixed Assets Depreciation	 <u>314,010</u>	 <u>33,685</u>	 <u>-</u>	 <u>347,695</u>
 Total Capital Assets Being Depreciated (Net)	 <u>314,490</u>	 <u>(33,685)</u>	 <u>-</u>	 <u>280,805</u>
 Governmental Activities Capital Assets, Net	 <u>336,090</u>	 <u>(33,685)</u>	 <u>-</u>	 <u>302,405</u>

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land and Right of Ways	1,500	-	-	1,500
Construction In Progress	<u>263,435</u>	<u>-</u>	<u>263,435</u>	<u>-</u>
 Total Capital Assets Not Being Depreciated	 <u>264,935</u>	 <u>-</u>	 <u>263,435</u>	 <u>1,500</u>
 Capital Assets Being Depreciated:				
Water System	690,961	263,435	-	954,396
Electric System	180,708	-	-	180,708
Equipment	<u>45,000</u>	<u>11,950</u>	<u>-</u>	<u>56,950</u>
 Total Capital Assets Being Depreciated	 <u>916,669</u>	 <u>275,385</u>	 <u>-</u>	 <u>1,192,054</u>
 Less Accumulated Depreciation For:				
Water System	379,679	23,324	-	403,003
Electric System	128,068	2,805	-	130,873
Equipment	<u>15,500</u>	<u>5,695</u>	<u>-</u>	<u>21,195</u>
 Total Accumulated Depreciation	 <u>523,247</u>	 <u>31,824</u>	 <u>-</u>	 <u>555,071</u>
 Total Capital Assets Being Depreciated (Net)	 <u>393,422</u>	 <u>243,561</u>	 <u>-</u>	 <u>636,983</u>
 Business Type Activities Capital Assets, Net	 <u>658,357</u>	 <u>243,561</u>	 <u>263,435</u>	 <u>638,483</u>
 Total Capital Assets	 <u><u>994,447</u></u>	 <u><u>209,876</u></u>	 <u><u>263,435</u></u>	 <u><u>940,888</u></u>

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	875	-	875
Public Health	-	31,824	31,824
Highways and Public Improvements	29,800	-	29,800
Parks and Recreation	<u>3,010</u>	<u>-</u>	<u>3,010</u>
 Total Depreciation Expense	 <u><u>33,685</u></u>	 <u><u>31,824</u></u>	 <u><u>65,509</u></u>

**NOTE 6 - LONG-TERM DEBT**

**Water Revenue Bonds:**

On May 13, 2003, the Town authorized the issuance of Parity Water Revenue Bonds, Series 2003 in the amount of \$310,000 for the purpose of providing funds to finance all or part of the cost of constructing culinary water system improvements for the Town. The project consists of the construction of a storage tank and the development of spring areas. The bonds require yearly payments including interest at the rate of 2.5%.

The following is a schedule of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	12,000	7,450	19,450
2006-2007	13,000	7,150	20,150
2007-2008	13,000	6,825	19,825
2008-2009	13,000	6,500	19,500
2009-2010	14,000	6,175	20,175
2011-2015	74,000	25,475	99,475
2016-2020	84,000	15,800	99,800
2021-2025	<u>75,000</u>	<u>4,775</u>	<u>79,775</u>
 Total	 <u><u>298,000</u></u>	 <u><u>80,150</u></u>	 <u><u>378,150</u></u>

The bond also requires a reserve to be established of \$285 per month until a maximum of \$20,500 is reached.

**HOLDEN TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a schedule of changes in long-term debt at June 30, 2005:

	Total Issued	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
			Issued	Matured	
Bond Issue:					
Water Revenue Bonds	310,000	310,000	-	12,000	298,000
Total	<u>310,000</u>	<u>310,000</u>	<u>-</u>	<u>12,000</u>	<u>298,000</u>

**NOTE 7 - CLASS C ROADS**

The following is a schedule of receipts and expenditures for Class C Roads:

Fund Balance - Beginning of Year	16,000
Receipts:	
State Allotments	23,225
Interest	<u>1,188</u>
Total Receipts	24,413
Expenditures	<u>(23,413)</u>
Fund Balance - End of Year	<u>17,000</u>

**NOTE 8 - PERPETUAL CARE PERMANENT FUND**

The following is a schedule of changes in the Cemetery Perpetual Care Fund:

Fund Balance - Beginning of Year	46,206
Receipts	-
Disbursements	<u>-</u>
Fund Balance - End of Year	<u>46,206</u>

**HOLDEN TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 9 - STATE RETIREMENT PLANS**

**Local Governmental - Cost Sharing:**

**Plan Description:**

Holden Town contributes to the Local Governmental Noncontributory Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy:**

Holden Town is required to contribute a percent of covered salary to the following system; 11.09% to the Noncontributory System. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Holden Town contributions to the various systems for the years ending June 30, 2005, 2004 and 2003, respectively, were; for the Noncontributory System, \$5,742.50, \$5,043.60 and \$4,342.19. The contributions were equal to the required contributions for each year.

**NOTE 10 - SUBSEQUENT EVENTS**

After year end the Town returned the balance of the money in the escrow accounts restricted for capital outlay on the water project. The amount returned was the year end balances of \$49,916.41 plus interest earned since the fiscal year end. The money returned to the State of Utah will be applied against the outstanding loan for the water improvement project. How this will be done has not yet been determined at the date of the audit report.

**HOLDEN TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 11 - RISK MANAGEMENT**

Holden Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The Town is insured through a commercial carrier for general liability coverage. The limits of coverage is \$2,000,000 with no deductible for comprehensive general liability. General automobile liability is \$1,000,000 with no deductible.

The Town is also insured through a commercial insurance carrier for property coverage. This policy provides All Risk coverage with a \$1,000 deductible for buildings, contents, and equipment.

Worker's compensation coverage is with the State of Utah.

Claims have not exceeded coverage in any of the last three calendar years.



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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**HOLDEN TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>28,656</u>	<u>28,656</u>	<u>28,656</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	7,800	7,800	8,569	769
Prior Years Taxes	400	400	244	(156)
General Sales and Use Taxes	35,000	35,000	31,140	(3,860)
Fee-In-Lieu	<u>3,000</u>	<u>3,000</u>	<u>3,155</u>	<u>155</u>
Total Taxes	<u>46,200</u>	<u>46,200</u>	<u>43,108</u>	<u>(3,092)</u>
Licenses and Permits	<u>4,000</u>	<u>4,000</u>	<u>2,193</u>	<u>(1,807)</u>
Intergovernmental Revenue:				
Class C Road	35,000	35,000	23,225	(11,775)
State Liquor Allotment	200	200	76	(124)
State Shared Revenue	<u>-</u>	<u>-</u>	<u>168</u>	<u>168</u>
Total Intergovernmental Revenue	<u>35,200</u>	<u>35,200</u>	<u>23,469</u>	<u>(11,731)</u>
Charges for Services:				
Post Office Fee	26,500	26,500	26,400	(100)
Sanitation	20,000	20,000	17,834	(2,166)
Cemetery	3,000	3,000	2,000	(1,000)
Fire Services	11,000	11,000	8,575	(2,425)
Utility Administrative Fee	<u>25,000</u>	<u>25,000</u>	<u>25,200</u>	<u>200</u>
Total Charges for Services	<u>85,500</u>	<u>85,500</u>	<u>80,009</u>	<u>(5,491)</u>
Miscellaneous Revenue:				
Interest	8,000	8,000	4,733	(3,267)
Miscellaneous	8,000	8,000	7,074	(926)
Use of Fund Balance	<u>28,100</u>	<u>28,100</u>	<u>-</u>	<u>(28,100)</u>
Total Miscellaneous Revenue	<u>44,100</u>	<u>44,100</u>	<u>11,807</u>	<u>(32,293)</u>
Amounts Available for Appropriation	<u>243,656</u>	<u>243,656</u>	<u>189,242</u>	<u>(54,414)</u>

**HOLDEN TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
Mayor and Council	7,000	7,000	4,230	2,770
Administration	76,000	76,000	60,239	15,761
Post Office	35,000	35,000	40,503	(5,503)
Total General Government	118,000	118,000	104,972	13,028
Public Safety:				
Fire Department	10,000	10,000	7,891	2,109
Highway and Public Improvements:				
Class C Roads	30,000	30,000	23,413	6,587
Sanitation	32,000	32,000	18,409	13,591
Culture and Recreation:				
Parks and Recreation	10,000	10,000	9,579	421
Cemetery	10,000	10,000	8,375	1,625
Beautification	5,000	5,000	2,258	2,742
Total Culture and Recreation	25,000	25,000	20,212	4,788
Total Charges to Appropriations	215,000	215,000	174,897	40,103
Budgetary Fund Balance - June 30, 2005	28,656	28,656	14,345	(14,311)

**HOLDEN TOWN  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Fiscal Year Ended June 30, 2005**

General  
Fund

**Sources/Inflows and Resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.

189,242

**Differences - Budget to GAAP:**

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.

(28,656)

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.

160,586

**Uses/Outflows of Resources:**

Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.

174,897

**Differences - Budget to GAAP:**

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.

-

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds

174,897

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## **COMPLIANCE SECTION**

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# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Town Board  
Holden Town  
Holden, Utah 84636

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Holden Town as and for the year ended June 30, 2005, which collectively comprise Holden Town's basic financial statements and have issued our report thereon dated November 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Holden Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

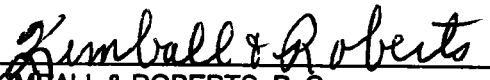
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holden Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Holden Town in a separate letter dated November 29, 2005.

Honorable Mayor and Town Board  
Holden Town  
Page -2-

This report is intended solely for the information and use of the audit committee, management, Town Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

November 29, 2005  
Richfield, Utah

# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and Town Board  
Holden Town  
Holden, Utah 84636

We have audited the financial statements of Holden Town, for the fiscal year ended June 30, 2005, and have issued our report thereon dated November 29, 2005. As part of our audit, we have audited Holden Town's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The Town received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the Town's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Property Tax  
Other Compliance Requirements

The management of Holden Town is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.



Honorable Mayor and Town Board  
Holden Town  
Page -2-

In our opinion, Holden Town, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2005.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

November 29, 2005  
Richfield, Utah

**HOLDEN TOWN  
MANAGEMENT LETTER  
JUNE 30, 2005**

# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## FINDINGS AND RECOMMENDATIONS

Honorable Mayor and Town Council  
Holden Town Corporation  
Holden, Utah 84636

During our audit of the funds of Holden Town Corporation for the fiscal year ended June 30, 2005, we noted an area needing corrective action in order for the Town to be in compliance with state laws and regulations. This item is discussed below for your consideration.

### COMPLIANCE:

#### Fund Balance

#### Finding:

During the audit we noted that the unreserved fund balance in the general fund is in a negative position of \$2,655.

#### Recommendation:

We recommend that the Town budget this deficit to be made up in this following fiscal year ending June 30, 2006.

#### Response:

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Holden Town Corporation's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

November 29, 2005  
Richfield, Utah